

Building Consensus for Greensboro's Future

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Discussion report

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Building Consensus for Greensboro's Future

Under the sponsorship of several local foundations, this report takes a close look at Greensboro's future economic prospects. This move comes amid signs that the local economy is not as healthy as it has been in the past – and that mainstay industries of previous years may not be well positioned to remain the powerhouses that they once were. Long dependent on tobacco, furniture making, and textiles, the Greensboro economy will need to find new sources of economic activity if it is to remain as vibrant and dynamic over the coming decade as it has been over past years.

The foundations asked McKinsey & Company to assist in this process by developing a fact base regarding the community's economic prospects and outlining a process by which key companies, community groups, and individuals could jointly strengthen Greensboro's long-term economic outlook. This report outlines the results of the diagnostic effort and proposes several sets of topics for discussion in the community.

Our overall conclusion is that Greater Greensboro is slightly better off today than many of its peer cities in the Southeast, but given trends, maintaining the current levels of prosperity, and ensuring a vibrant local economy will not be easy. It will require sustained commitment by business and civic leaders, and the larger community, to shared goals of what the community wants to become. Concentrating collective efforts in a few areas will provide greater benefit than continuing currently dispersed efforts or following a business-as-usual course.

The remainder of this document discusses this conclusion in more detail and is organized in three sections:

1. Economic evaluation: Greensboro currently ranks slightly above average among its peers in the Southeast.
2. Economic forecast: an undirected business-as-usual approach will likely lead to gradual erosion of the community's overall prosperity and an increasing performance gap with the rest of the state.
3. Discussion agenda: Greensboro would benefit from collectively agreeing on and pursuing a more focused development agenda.

1. Economic evaluation: Greensboro ranks slightly above average

McKinsey & Company has completed a detailed evaluation of Greater Greensboro's economic situation. Over a 5-week period, we conducted interviews with business and civic leaders and collected a fact base drawn from government, industry, and private sources. Our analysis provides a contextual overview of both the community's recent economic development and its future economic prospects, based on a number of performance measures.

Part of this process involved benchmarking Greensboro against peer cities in the Southeast. We identified potential comparison cities on the basis of similar population size and geography and then eliminated cities with features unlike Greensboro's. (See Appendix A for the cities considered.) We then collected relevant data for the 11 cities most similar to Greensboro in order to make a useful comparison.¹

As a result of this analysis, we believe that the economy of the Greater Greensboro area is slightly ahead of the "middle of the pack" relative to its peers. This assessment is based on three sets of observations:

- A. Recent economic growth and demographic trends
- B. The region's inherent competitiveness versus its peer cities
- C. Current economic strengths the community can build on.

A. RECENT ECONOMIC AND DEMOGRAPHIC DEVELOPMENTS

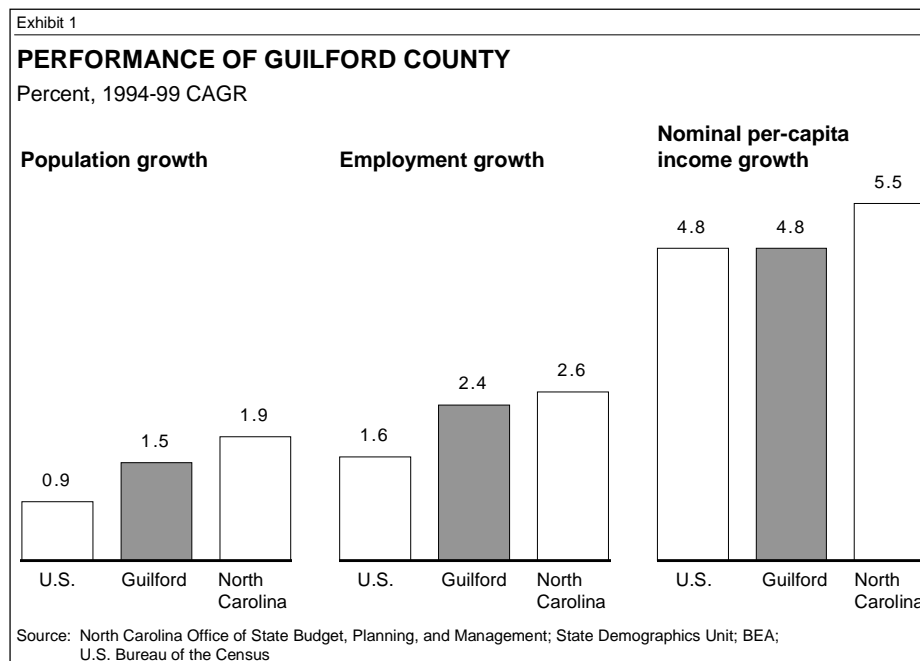
Recent economic and demographic developments have been somewhat mixed, placing Greensboro slightly above average in comparison to the economic performance of its peers. Greensboro's economy has grown modestly over the past 5 years. However, a recent fundamental transition in the city's industrial base has increased downward pressure on average wages. The Greensboro area has also experienced positive population growth, though the nationwide demographic shift toward an aging population has affected the area. At the

¹ The selected peer cities all have a population between 200,000 and 450,000. They include Winston-Salem and Durham in North Carolina; Chattanooga and Knoxville in Tennessee; Columbia, Spartanburg, and Greenville in South Carolina; Montgomery, Huntsville, and Mobile in Alabama; and Ocala in Florida.

same time, Greensboro's demographics of wealth distribution have remained largely unchanged, with a substantial disparity between the lowest and highest income groups.

(1) Economic growth and transition

Three broad indicators – population growth, employment growth, and nominal per-capita income growth – confirm that Greensboro's² economy has grown during the past decade (Exhibit 1).



In all three measures, however, Greensboro has trailed the state as a whole, most notably in per-capita income growth. And while the city has outperformed the nation in population and employment growth over this period, its per-capita income growth matched the national rate of 4.8 percent per year.³

Meanwhile, the Greater Greensboro economy has undergone a fundamental shift. Overall, total private employment has grown by 2.4 percent per year over the past 5 years. However, key sectors have fared differently during that same period. Specifically, the service sector has displaced the manufacturing sector as the largest employer in Guilford County. The service sector now constitutes 29 percent of the county's economy, up from its previous share of 26 percent, while manufacturing has declined from 26 percent to 23 percent (Exhibit 2).

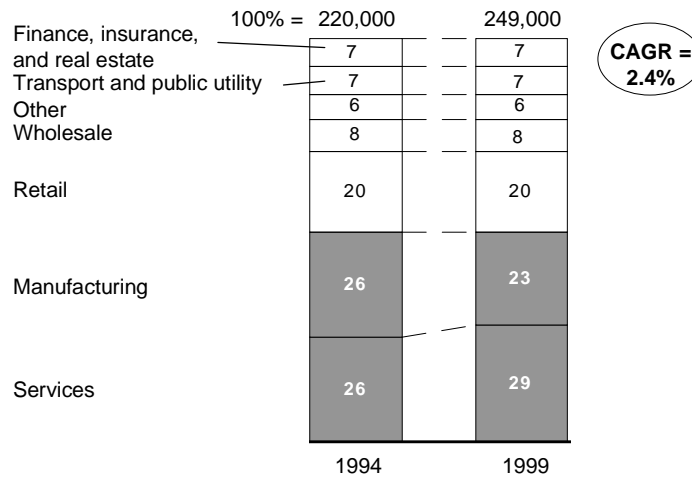
² Guilford County was used for data availability purposes. However, there is no significant difference with Greater Greensboro. The Triad was not an explicit focus, but was looked at on a qualitative basis.

³ Percents are expressed as a compound annual growth rate (CAGR).

Exhibit 2

PRIVATE EMPLOYMENT BY SECTOR

Percent



Source: North Carolina Employment Security Commission; team analysis

The recent strength of the service sector has created many new jobs. However, a number of them pay below the 1999 average county wage level of \$31,588 (Exhibit 3).

Exhibit 3

TOP 10 GAINERS: NET JOB CREATION

Employment change 1994-99, Guilford County

□ Sectors below average aggregate wage

Industry		1994-99 CAGR Percent	1999 average wage** Dollars	Indexed to overall 1999 wage (\$31,588)
Business services	6,307	5.8	22,174	70
Air transport	3,611	25.0	31,965	101
Health services	3,263	3.8	36,666	116
Social services	1,258	7.3	16,541	52
Food stores	1,121	3.8	16,582	52
Furniture and home furnishings	1,117	5.8	28,028	89
Communications	1,115	6.1	70,613	224
Electronic and electrical equipment	1,064	4.0	53,452	169
Eating and drinking places	1,058	1.4	11,712	37
Auto dealers and service stations	930	4.5	30,656	97

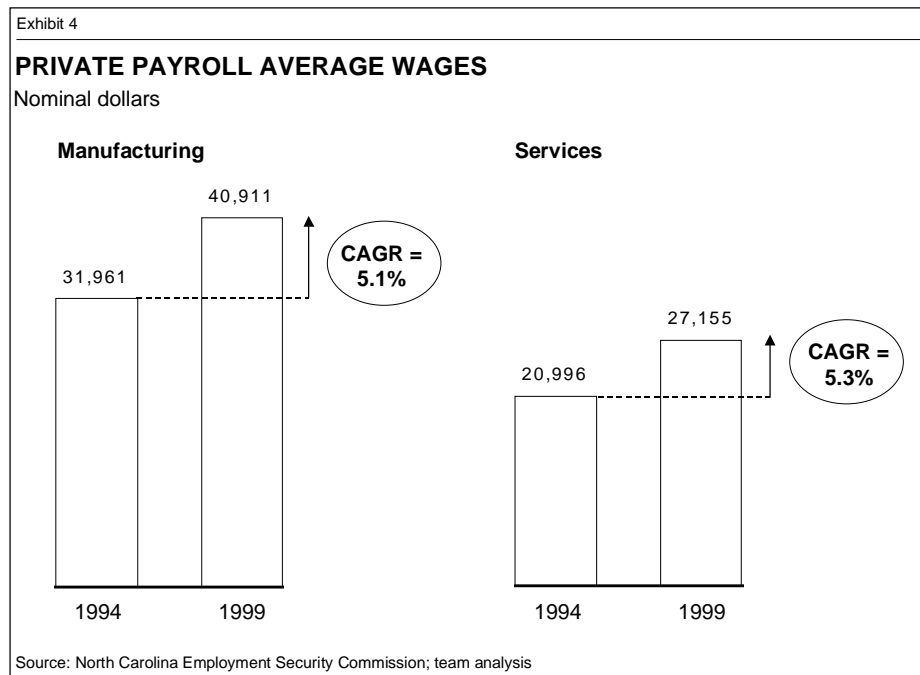
* CAGR from 1997-99

** Total annual payroll divided by average annual employment

Source: Team analysis; BLS

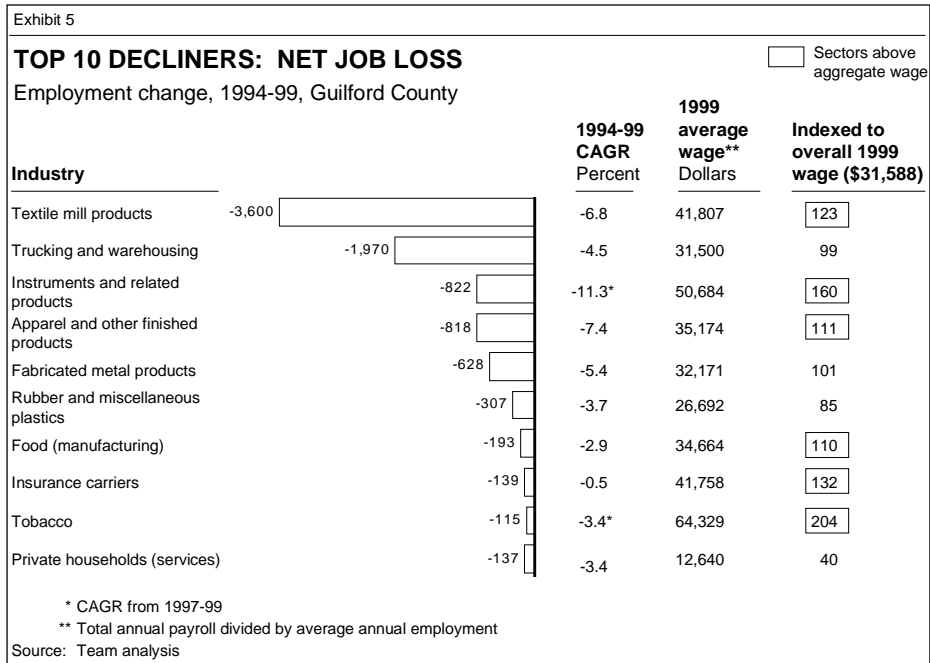
While air transport and health services pay at or above the average wage, jobs in the rapidly growing business services, social services, and food stores subsectors pay less than 70 percent of the average. Eating and drinking establishments pay only 37 percent of the average, indicating that many of these jobs are part-time

positions. And even though nominal average wages in the service sector have grown slightly over the past 5 years, the average manufacturing wage of \$40,911 remains significantly higher than the average service wage of \$27,155 (Exhibit 4).



Guilford County's traditional manufacturing industries – textiles, apparel, furniture, and tobacco – have declined faster than the overall decline in manufacturing. While these four industries employed 41 percent of all manufacturing workers in 1994, they employed only 35 percent in 1999. The largest area of job loss in Guilford County was in the textile industry, which lost approximately 3,600 jobs over the 5-year period.

This loss was particularly significant since wages in the textile industry tend to be well above the county average (Exhibit 5).



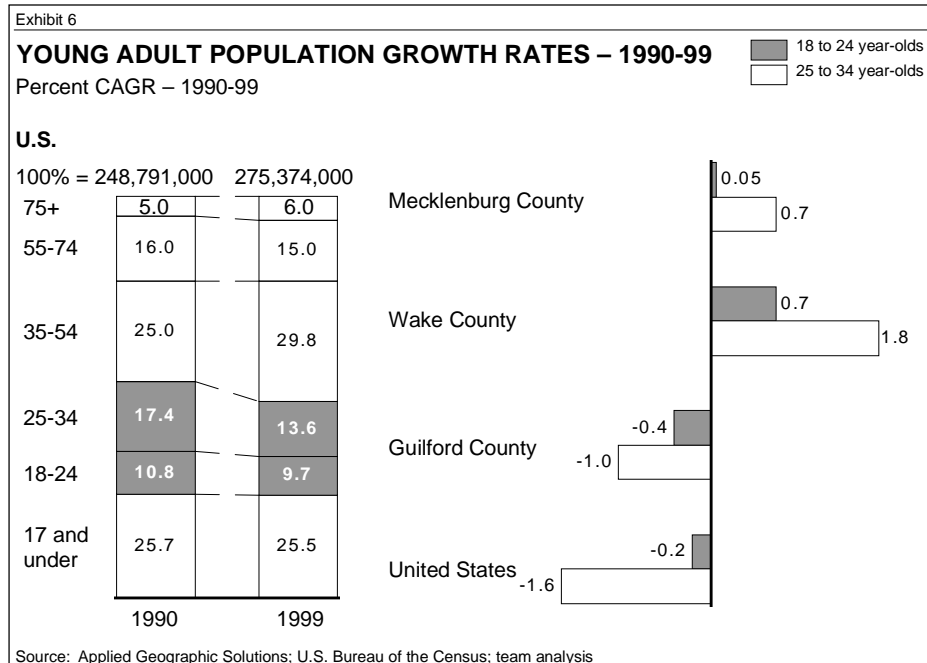
Five other manufacturing industries that pay above-average wages also experienced net job losses.

(2) Demographic trends

Greensboro's population has grown slower than the state as a whole, but over the past 5 years, Greensboro has done well in comparison to other regions in the state. For example, Greensboro's overall growth rate of 2.1 percent exceeds the Triad's growth rate of 1.4 percent per year. Both Greensboro and the Triad have grown faster than the nation, suggesting that the area has been able to consistently attract new residents.

Nonetheless, Greensboro has been affected by national demographic trends.

Greensboro has seen a decline in absolute and relative numbers of 18- to 34-year-olds over the past decade. During the same time period, Raleigh and Charlotte have been able to attract young people from outside their county lines, increasing their absolute number of young residents and bucking the national trend toward an aging population (Exhibit 6).



In terms of ethnicity, the Asian and Hispanic communities in Greensboro have grown faster than African-American and Caucasian communities, although all have increased their absolute numbers in the city and in the county.

(3) Income distribution

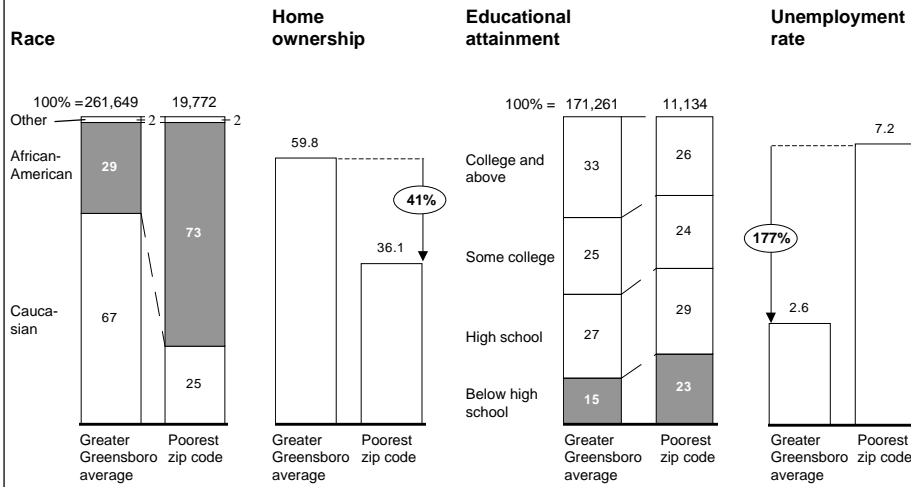
Greensboro has seen some positive shift in income distribution over the last decade. Looking at the zip codes with the highest and lowest median household incomes, the gap between them has narrowed. Nonetheless, there is still a 40 percent difference between the highest- and lowest-income groups in Greater Greensboro.

There are also several significant contrasts between the lowest-income zip code and the Greater Greensboro average. The poorest zip code is located in the southeast part of the city and its residents are 73 percent African-American. The area has a 40 percent lower rate of home ownership than the city average and an unemployment rate of 7 percent versus the county average of 2.5 percent. The area also has lower levels of educational attainment, with 23 percent of the over-25-year-old population without a high school diploma versus the Greater Greensboro average of 15 percent. (Exhibit 7).

Exhibit 7

POVERTY AND DEMOGRAPHICS – 2000

Percent



Source: Applied Geographic Systems; team analysis

B. INHERENT COMPETITIVENESS RELATIVE TO PEER CITIES

Growth rates and industry developments do not tell the whole story of the region's economic health. Greater Greensboro's future economic potential also depends on its ability to encourage business. Regions with high satisfaction levels for both companies and workers are inherently more competitive when corporations are making decisions about where to locate and where to grow.

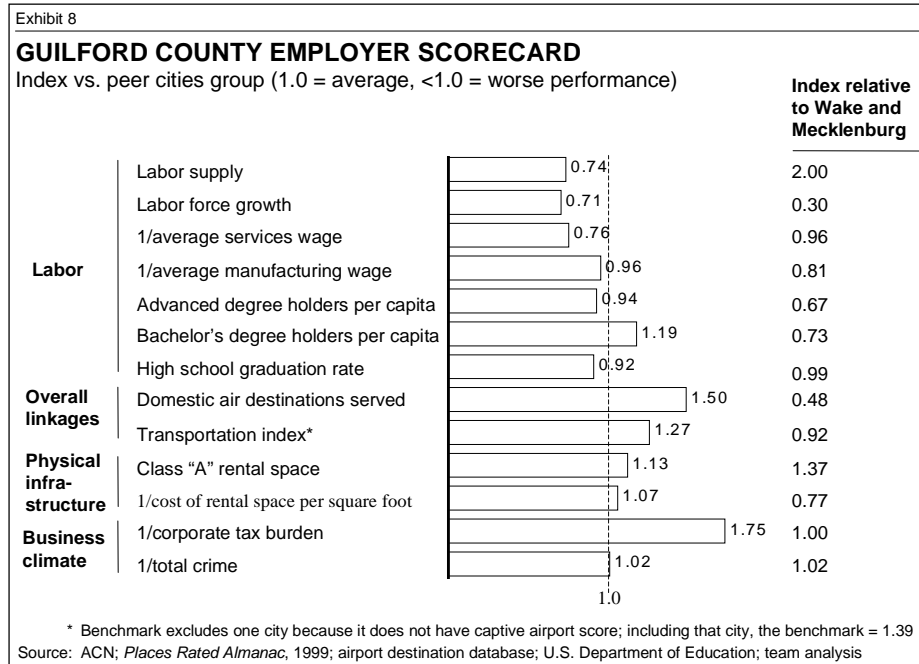
To measure relative competitiveness, we ranked Greensboro and its peer cities on two "scorecards" – an employer scorecard and employee scorecard. These scorecards list the key criteria both groups use when evaluating a city or region's ability to meet their respective requirements. The basic evaluative dimensions are listed below. For more information on how rankings were quantified, see Appendix A.

In general, our analysis revealed that Greensboro is relatively attractive to employers and employees alike. However, its local entrepreneurial culture is not well organized to foster the growth of high-tech companies.⁴

⁴ Greensboro's peer cities were selected from statistically similar cities in the southeast. Cities were eliminated if they were located on a coast, had a significant military or governmental presence, or contained a university that had a dominant economic footprint. Neither Raleigh nor Charlotte were included in the peer cities index, although they were used for illustrative comparison.

(1) Attractiveness to employers

From the perspective of an employer, Greensboro remains moderately attractive in comparison to its peer cities. The attractiveness of the business climate was rated on four dimensions: the availability and quality of the labor supply, physical infrastructure, market linkages, and the business climate (Exhibit 8).



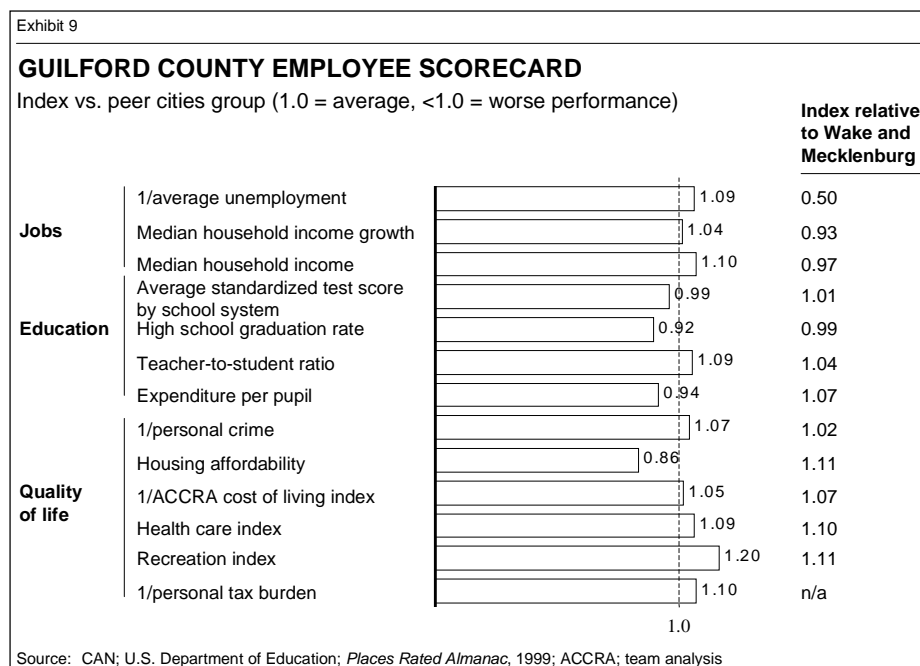
- a. **The labor market is somewhat mixed.** Guilford County offers relatively higher-wages and has a tighter labor market than its peer cities. Service and manufacturing wages are higher than average. Workers in Guilford County also possess relatively more bachelors' degrees per capita than in peer cities. However, Guilford has a lower high school graduation rate and fewer advanced degree holders per capita.
- b. **Guilford has attractive physical infrastructure** with relatively abundant and inexpensive class "A" rental space.
- c. **The county enjoys strong linkages with outside markets** when compared to its peers. Guilford has good connections to the interstate highway system. The airport in Greensboro currently serves over 50 domestic destinations; last year it carried 2.7 million passengers and 81,000 metric tons of cargo. The airport serves 50 percent more domestic air destinations than airports in its peer cities, although the airport has far fewer destinations than larger cities in the region. For

example, Greensboro's airport serves approximately half as many destinations as Charlotte and Raleigh.

- d. **Guilford County has a statistically favorable business climate.** It enjoys lower corporate tax rates, lower property taxes, and lower total crime than its peers in the southeast.

(2) Attractiveness to employees

Greensboro is relatively attractive to employees and has been attracting labor from other areas. Attractiveness was rated on three dimensions: job supply and wage rates, quality of education, and quality of life (Exhibit 9).



- a. **Guilford County has a lower unemployment rate,** better median household income growth, and a higher median household income than its peer cities.
- b. **Guilford fares worse than its peers on educational measures.** Despite a better teacher-to-student ratio than its peers, Guilford scores slightly lower in high school graduation rates, expenditure per pupil, and average standardized test scores.
- c. **Guilford's general quality of life is better than its peers.** It has a lower crime rate, more affordable cost of living, a better rated health care system, and more nearby recreational activities than the peer city

group. Median home prices in Greater Greensboro are somewhat higher than the peer city average.

(3) Entrepreneurial culture

Much of the recent growth in the national economy has come from entrepreneurial activity, especially in the high-tech sector. Given the types of companies that will thrive in the new economy, part of a region's overall economic potential rests on its ability to foster high-tech start-ups. While Greensboro harbors an entrepreneurial culture, it lacks key elements of an organized, high-tech entrepreneurial support infrastructure.

Greensboro does have one necessary element for start-up activity – funding potential for early-stage companies. A considerable amount of venture capital is active and available for investment in high technology. Currently, however, much of this capital is exported to other areas. Also, local banks and other professional service firms do not appear to have a high tolerance for risk, which is a required element for any new business endeavor.

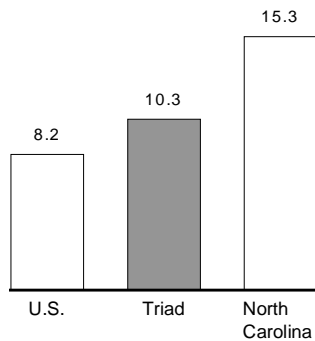
Other key elements necessary for high-tech start-ups are largely absent. There is no established network of management talent, strategic partners, and customers for high-tech enterprises. Relatively few local lawyers, accountants, and bankers understand the venture capital funding process. Few high-tech companies exist locally to provide the senior talent and seasoned coaches that are important to the success of start-ups. Greensboro also does not have much national credibility: it has few nationally known venture capital investment funds and successful local area start-ups are relatively unknown.

Despite the structural weakness of the high-tech support infrastructure, there is evidence that the local business community in Greensboro welcomes small business entrepreneurs. The number of small businesses grew by 10.3 percent between 1993 and 1998, topping the U.S. rate of 8.2 percent. Since 1996, the number of new privilege licenses issued by the city has been greater than 2,000 a year (Exhibit 10).

Exhibit 10

ENTREPRENEURIAL ENVIRONMENT

Percentage increase in small businesses 1993-98**



Entrepreneur

September 2000

"Triad as 36th in the nation for entrepreneurial environment"

THE BUSINESS JOURNAL

"Triad as 78 of 276 metro areas for small business growth"

Despite the lack of a formalized network, small business entrepreneurs are welcomed by business community in Greensboro

Annual number of new business licenses is over 2,000 in Greensboro*

- "If you have a good idea and strong managerial talent, you're going to find funding"
- From an entrepreneur's perspective, "Greensboro is a good place to make a business"

* Annualized from data through September

** Small businesses <100 employees

Source: McKinsey research; interviews; team analysis

The Triad has also received favorable rankings for business development from two business publications. As one local entrepreneur has put it, "Greensboro is a good place to make a business."

C. STRENGTH OF EXISTING BUSINESSES

Greensboro's economic health can also be measured by the strength of its existing business base – the companies that currently have a presence in the area. A number of regional headquarters and service operations centers are located in Greensboro, as well as a modest number of national headquarters (Exhibit 11).

HEADQUARTERS AND MAJOR EMPLOYERS IN GREENSBORO

NONEXHAUSTIVE

☐ Under pressure

	Company	Local employment
National	Burlington Industries	800
	Cone Mills Corp.	1,650
	Guilford Mills, Inc.	2,000
	Jefferson-Pilot	1,100
	Lorillard	2,200
	Oakwood Homes	700
	RF Micro Devices	750-1,250
	Unifi	385
	VF Corp.	2,500
Regional	Marconi Commerce Systems	1,600
	Novartis/Syngenta	650
	United Healthcare	700-800
	Volvo Truck	1,200
	TIMCO	1,700
Other operational centers	AMEX	2,000
	AMP	2,500
	Lucent	2,300
	Procter & Gamble	1,000
	UPS	1,900

Source: Interviews; North Carolina Department of Commerce

Unfortunately, many of the companies with national headquarters in the area are in industries under pressure from competition and macroeconomic trends. Textile manufacturers, in particular, have a concentrated presence in Greensboro and currently face substantial pressure.

The local region is also home to a number of companies that have been successful in the new economy. These companies are taking a number of different approaches: some are transforming themselves to meet the new economy, some are new and growing, and some are benefiting from well-positioned business models.

(1) Old players changing to meet the new economy

Two local companies have begun transforming themselves from old economy to new economy businesses:

- a. **VF Corporation** is a Fortune 500 apparel company with \$5.5 billion in revenues. VF is transforming itself from a manufacturer to a marketer of brands such as Wrangler, Lee, The North Face, and Eastpack. The number of local manufacturing jobs has declined, while local professional, technical, and executive jobs have increased, reflecting a shift from manufacturing toward concentrating knowledge capital. Total local employment over the last 5 years has gone from approximately 2,000 to 2,500, despite the decrease in manufacturing jobs.

- b. **Marconi Commerce Systems** is a world-leading fuel-dispensing machinery manufacturer building a new web-enabled business out of its traditional base. Initial development and growth for this new business will remain in Greensboro. Marconi's modest prospects for traditional manufacturing activity are offset by the growth potential of its new business directions.

(2) A new economy player

One company provides a particularly good example of a successful high-tech player located in Greensboro. **RF Micro Devices** is a rapidly growing high-tech manufacturer of components for mobile technology and other related areas. Local employment has gone from approximately 700 to over 1,500 in 2 years with potential for continued growth. The company hires many highly skilled professional and technical employees.

(3) Well-positioned local players

Some regional headquarters based in the city have bright future growth prospects:

- a. **General Dynamics Advanced Technology Systems** is a subsidiary of a Fortune 500 defense contractor that manufactures and delivers advanced technology solutions. Local employment is 800, with the potential to grow as dictated by the government contract cycle. The company employs engineers and other highly trained professionals.
- b. **United Healthcare** has been a successful and productive HMO/administrator facility in the state. The Greensboro facility is targeted to absorb service operations for the rest of the Southeast and become a regional hub. Construction of a new facility is under way, and employment is expected to increase from 700 to 800 to approximately 1,500 over the next 5 years.

2. Economic forecast: Business-as-usual approach offers slow economic erosion

Despite Greensboro's relatively favorable position compared to peer cities in the Southeast, future prospects are troubling. Following a business-as-usual approach will likely result in gradual erosion of the community's overall level of prosperity and an increasing performance gap with the state.

This perspective is based on three findings:

- A. Projected economic trends point to the continued "downward drift" of Greensboro's economic standing over the next 5 years.
- B. Job creation and improvement initiatives in Greensboro are impeded by three barriers.
- C. Greensboro does not seem to be fully capitalizing on advantages that could help offset or mitigate some of the negatives.

A. CONTINUED DOWNWARD DRIFT OF GREENSBORO'S ECONOMIC STANDING

Economic projections for Greensboro point to a continued downward drift of the region's economic standing over the next 5 years, because the economy will not continue growing at the rate it has in the past. In the simplest terms, if Greensboro continues to replace higher-paying jobs with lower-paying ones, overall prosperity will decline, despite continuing with nearly full employment.

These conclusions are based on projections made using assumptions informed by interviews with business leaders in key sectors, as well as current measures and analyses for these industries. After projecting the results using realistic assumptions, we also examined what effect unexpected negative events might have (Exhibit 12).

KEY ASSUMPTIONS
☐ Key drivers of differences

Sector	Realistic scenario	Pessimistic scenario
Manufacturing	<ul style="list-style-type: none"> Textile and furniture declines more sharply than in past Apparel and tobacco moderate historical patterns Chemicals and electronics continue to grow at a healthy pace 	<ul style="list-style-type: none"> Further loss in core manufacturing of textile, tobacco, furniture Loss of HQ and departure of some key employers Declines to approximate U.S. average
Services	<ul style="list-style-type: none"> Health services continues to grow Engineering/management continues to grow 	
Transportation/communications	<ul style="list-style-type: none"> Air transport and trucking grow at moderated rates Communications mirrors historical growth 	
Finance and insurance	<ul style="list-style-type: none"> Financial services growth plateaus Insurance carriers grow nationally 	<ul style="list-style-type: none"> Diminished influence of local financial services players
FedEx	<ul style="list-style-type: none"> Potential economic contribution held separate from all scenarios 	
Other sectors	<ul style="list-style-type: none"> Track the overall growth rate of key industries 	

Source: Interviews; team analysis

Appendix B contains supporting materials for these analyses.

Four findings from the economic analysis warrant discussion.

(1) Slower growth in employment

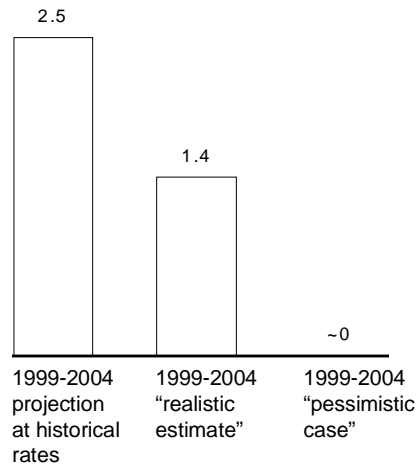
A realistic assessment of the key industries in the local economy indicates that the existing industrial base will grow more slowly – at about 1.4 percent – than historical rates, resulting in slower growth in employment (Exhibit 13).⁵

⁵ Key industries include manufacturing, transport, communications, utilities, finance, insurance, real estate, and services. As of 1999, these key industries accounted for 40 percent of total employment and 54 percent of payroll.

Exhibit 13

GUILFORD COUNTY EMPLOYMENT PROJECTION

Percent CAGR



Key findings

- Status quo growth rates are not sustainable
- Interviews and industry trends point to a lower employment growth rate
- Picture is aggravated if trends worsen in traditional industries and headquarters depart

Source: North Carolina Employment Security Commission; team analysis

The key assumptions for this projection include the following:

- Textile and furniture industries contract more sharply than in the past
- Health services continue to grow, but at a moderated pace
- Air transport growth slows from the rapid pace of the past 4 years
- Financial services growth plateaus
- Other sectors will grow at the overall growth rate of the key industries.⁶

(2) Potentially flat employment growth

Factoring in potentially greater erosion in the traditional industries and the possible departure of some national headquarters, we found that the outlook for employment and wages may be bleaker than expected. In fact, the region may see essentially zero growth in employment over 5 years. The assumptions used in this projection include:

- Further loss in core manufacturing sectors of textiles and furniture
- Departure of some key employers

⁶ The potential FedEx hub was not considered in either the realistic or pessimistic scenario due to the possible political implications its inclusion would entail.

- Diminishing influence of local financial services players
- Manufacturing as a percentage of the economy shrinks to mirror the U.S. average of 17 percent of employment
- Other sectors track at the overall growth rate of key industries.

(3) Potentially flat overall income growth

While the overall number of jobs may well increase, Greensboro may see per-capita income stagnate, because most of the job creation is occurring in the service sector, which has generally lower wage rates.

A realistic estimate of average wage growth over the next 5 years in Guilford County is 4.2 percent, compared to a national forecast of 4.4 percent and a historical rate of 4.3 percent. While this sounds relatively favorable, these numbers mask the significant shift going on in the economy already discussed. From 1994 through 1999, employment in services grew 4.5 percent compared to a decline of 0.69 percent in manufacturing; however, average wages for both sectors grew in the same period, with services growing by 5.3 percent and manufacturing by 5.1 percent. Wages in services have been rising faster than manufacturing, though from a smaller base. Therefore, a slowing rate of job creation combined with job growth in lower wage sectors points to a risk of per-capita income stagnation. The cost of lower per-capita incomes would be a decline in the tax base, a loss of political weight within the state, and less money available for infrastructure investments, directly influencing the quality of life.

(4) Labor supply will need to remain adequate

We have assumed that the work force will continue to grow quickly enough to satisfy emerging demand for labor; this implies that, short of increasing the population, Greensboro may need to find ways to import labor.

B. BARRIERS TO ECONOMIC IMPROVEMENT

Job creation and improvement initiatives in Greensboro face three barriers that have the potential to limit the success of community efforts to improve the long-term economic outlook:

- (1) Gaps in physical infrastructure
- (2) Difficulty of recruiting qualified labor
- (3) Divergent development priorities and dispersed efforts

(1) Gaps in physical infrastructure

Significant gaps in Greensboro's infrastructure remain an ongoing impediment to job creation and other initiatives. Fortunately, some of these gaps are addressable:

- a. **Water availability** remains a problem, because daily demand outstrips supply by approximately 10 million gallons, or 28 percent of Greensboro's supply. So far, Greensboro has been able to draw the remainder from Reidsville, but water warnings in the newspaper have created awareness and concern about the issue. Construction of Randleman Dam may resolve this problem.
- b. **Land planning** also presents a number of issues, including incorporation of surrounding cities, and much of the available land is not serviced by water and sewer. At its worst, the situation leads to roads being built "with little thought to future development." The survey/project on land use planning under way now should help address these and other related issues.
- c. **Airport connections** remain a sticking point, given the perceived relative paucity and high price of direct airport connections. "We can't get to many places as often as we need to," said one interviewee. This may be the hardest issue to address, because the city cannot very well manipulate the airlines and Greensboro is not a hub airport.

(2) Difficulty of recruiting qualified labor

The difficulty of finding and recruiting qualified labor presents a serious issue that is adversely affecting the community. Several factors contribute:

- a. **The quality of K-12 public education** remains a hot-button item for many employers and their employees. Overcrowding at some schools is compounded by subpar performance on test scores and graduation rates, despite higher per-capita expenditure rates. Public education is the most frequently mentioned constraint on recruiting talent.
- b. **A relative lack of advanced degree/research programs** makes it harder for employers to find the employees they seek. High-tech industries often colocate with cutting-edge research capability, something not extensively developed in Greensboro. Not only do employees in these fields want an academic support network locally for continued training and advancement, the lack of these programs increases recruiting costs for companies that need such talent.
- c. **Retention of 18- to 34-year-olds** remains an issue, especially since Wake and Mecklenburg Counties defy the national demographic trend

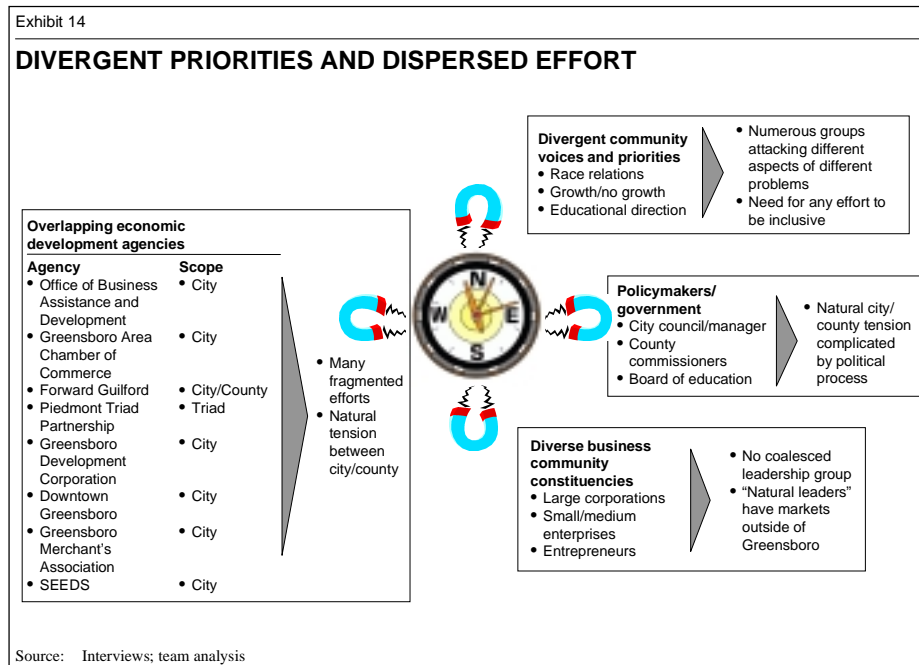
of a diminishing population in this age range. While Greensboro has more than 23,000 17- to 21-year-olds in its universities, these are not counted in demographic statistics. Therefore, the visible demographic gap implies that Greensboro has not been able to convert these students into permanent city residents. This loss of a critical supply of new workers and of cultural vibrancy weakens the city. Their absence further adds to the perception of Greensboro as a small town.

- d. **A less cosmopolitan atmosphere** also hurts employers in their recruitment efforts. The lack of downtown activities, cultural events, fine dining establishments, and shopping opportunities often dismays potential recruits.

(3) Divergent development priorities and dispersed efforts

Dispersed efforts and competing interests make plotting a common course difficult. Greensboro remains a very participatory town. Its citizens like to be involved with the issues it faces.

The presence of multiple groups and organizational efforts means that sometimes these initiatives work at cross purposes, instead of working together for the benefit of the city (Exhibit 14).



Greensboro has an “alphabet soup” of economic development agencies, many with overlapping goals and missions. Numerous community voices and priorities also make it difficult to reach consensus around a central set of issues. In the public arena, the natural city/county tension further complicates matters.

The private sector also fails to speak in one voice.

Greensboro lacks a coalesced leadership group, while most “natural leaders” must contend with more markets than just Greensboro (Exhibit 15).

Exhibit 15

COMMUNITY LEADERSHIP

- “I don’t think we know what our value proposition is anymore, and we certainly aren’t telling it to the world very well if we do”
- “Greensboro’s demands on leadership are paradoxical. While the city often seems to be searching for a white knight, it is very suspicious when anyone tries to boldly assert leadership in any particular direction”
- “It’s hard to build a community of leaders when half are consumed by their international commitments and the other half can’t sit in a room together without scuffling”
- “There is a new leadership model in this city. The old way of packaging a deal and then selling it to the community no longer works. The problem is, no one has figured out a new style that results in success”
- “All the economic development resources are in place. If these organizations could just sit down and work together with the community, we could make real contributions to the city”
- “Other towns are business-led, this one isn’t. This is a populist town”

Source: Interviews

C. POTENTIAL MISSED OPPORTUNITIES

Greensboro does not seem to be fully capitalizing on its existing advantages, which could help offset or mitigate some of the negatives. These advantages include:

- (1) Well-developed surface transportation
- (2) Numerous institutions for post-secondary and professional education
- (3) Elements of high quality of life.

(1) Well-developed surface transportation

Greensboro’s surface transportation infrastructure is well developed and ranks significantly above that of its peer cities.

Greensboro will eventually be at the junction of four interstates: I-85 and I-77 exist already and I-73 and I-74 are under construction. It also will enjoy the benefit of a new ring road. Rail service includes local connections as well as links

to Washington, D.C. and New York City. The airport, though often disparaged, is superior to those in the peer cities, as noted above, and can add capacity.

(2) Numerous institutions for post-secondary and professional education

Post-secondary and professional resources abound in the Greensboro area, including the Center for Creative Leadership, one of the premier leadership training programs in the world. Interestingly, Greensboro also has one of the largest populations of African-American Ph.D.s in the country. The area's colleges and universities contribute unique advantages, as each is known for a particular strength. For example, North Carolina A&T is the largest minority engineering school in the country and its business school has a noted accounting department. UNCG remains the largest teacher's college in the state of North Carolina; its Bryan School of Business attracts employers on the strength of its IT curriculum; and its biological sciences faculty enjoys particular prominence.

(3) Elements of a high quality of life

Finally, the city has several key ingredients for a high quality of life, something frequently mentioned in our interviews as a reason to move to Greensboro and, more importantly, to stay. Greensboro has great people, a low-hassle lifestyle, and good recreational possibilities:

- a. **Great people.** The people here tend to be friendly and get along well with one another. Greensboro has a history of "greater racial and religious tolerance than other cities in the Southeast." Employers like to locate customer care facilities in and around Greensboro, because employees have better manners and a stronger work ethic.
- b. **Low-hassle lifestyle.** Compared with many cities, Greensboro also offers an easier lifestyle. Called the "20-minute" city, its residents can run errands quickly and get from one end of the city to the other without spending the day tied up in traffic.
- c. **Numerous recreational opportunities.** Greensboro offers many attractions: parks, museums, golf courses, as well as historical sites. The mild four-season climate allows residents to maximize their exposure to outdoor activities and take advantage of the convenient location between the mountains and the ocean.

Greensboro overall remains an immensely family-friendly city with a solid group of benefits to offer its residents.

3. Discussion agenda: Greensboro needs to focus its development efforts

Greensboro's future economic direction and level of vibrancy is open to active steering by its community leaders and citizens. This will require both vision and leadership: Greensboro will need to develop a broadly shared vision for its economic future, drawn from several alternative paths, and a group of collaborative leaders closely associated with Greensboro's path of choice. Greensboro may be able to get started by reaching agreement on which of several "no-regrets" issues the community, or part of the community, wants to tackle first. Thus, there are three sets of issues the community will need to address promptly, if it is to move forward in a timely way:

- A. Possible "no-regrets" initiatives, i.e., initiatives all can agree to easily
- B. Potential future directions
- C. Leadership needs.

A. POSSIBLE "NO-REGRETS" INITIATIVES

Six themes consistently emerged in most of our conversations about Greensboro. These could provide the common ground for joint effort and may be the most effective way to create early momentum in the community with multiple, largely separate groups. The critical decisions the community needs to make are: (1) whether these are the right issues to address and (2) how to approach them.

(1) Improving the "brand" or image of Greensboro

If Greensboro is to project its positive attributes and create energy around various improvement initiatives, it will have to overcome the tendency to focus on the negative aspects of any issue.

(2) Leveraging the educational resources of the city

Greensboro's institutions of higher learning could be encouraged to increase their economic and cultural influence in the community through internships and technology commercialization programs, as well as lecture and performing arts

series. This effort could help support other no-regrets actions, such as K-12 improvement and race relations, while improving the downtown's excitement factor and creating jobs.

(3) Increasing the city's "business friendliness"

Improving the response time and facilitating the licensing and approval processes for starting or expanding businesses would help job creation in Greensboro. In addition, this area offers some "quick wins" and would credibly demonstrate the city administration's interest in helping employers succeed in Greensboro.

(4) Retention and growth of corporate base

Being home to the national and regional headquarters of large corporations brings decision-making ability, top talent, and more resources to Greensboro. It would be in the community's interest to encourage existing headquarters and other major operations to stay in Greensboro by helping to resolve local impediments to job creation.

(5) Improving K-12 education

The current performance and infrastructure of public schools significantly discourages job creation and impedes recruitment of talent. This issue was the single most widely cited concern in our community interviews.

(6) Fostering improved race relations

Racial divisions impede communication and consensus on development initiatives. Long-standing, complex, and sensitive though this issue may be, not addressing it puts Greensboro's ability to move forward in a concerted way very much at risk.

Appendix C includes a summary of the rationale behind the "no-regrets" moves.

B. POTENTIAL FUTURE DIRECTIONS

Greensboro could develop its economy along several different, potentially mutually exclusive paths. These efforts would require a number of years to yield their full potential, and would, therefore, require sustained, focused commitment. The following is a partial listing of some directions that could form the basis of community-wide initiatives.

(1) Focus on entrepreneurialism

To leverage the entrepreneurial potential of the region and broadly foster the creation of many types of new businesses, Greensboro would create and maintain an environment conducive to entrepreneurship, including minority-owned businesses.

The initiative might include formalizing networks for capital and among potential entrepreneurs. It might also include actively creating a marketplace for ideas and talent while encouraging the accessibility of capital and coaching. One particular initiative could be a business incubator in southeast Greensboro.

(2) Encourage industry clusters

Greensboro could actively support and develop different industrial clusters, working to help them create a collective competitive advantage. Greensboro would need to understand and exploit the linkages among multiple factors, such as the competitive behavior of these companies and the competitiveness of their industry, the nature of demand conditions, the need for related and supporting industries, and the availability of resources and needed infrastructure.

Greensboro might, for example, guide the transformation of a traditional sector, such as textiles, or foster an incipient or new cluster, one perhaps linked to transportation.

This effort might entail defining and selecting which companies to support, or creating and fostering a conducive environment for them, through the creation of research institutes, for example

(3) Become a regional center

Under this scenario Greensboro would seek to attract significant regional headquarters, distribution, and operations centers, building on its transportation infrastructure, skilled and motivated workforce, and the success of existing large service operations centers.

This effort might involve creating a team to identify and proactively recruit potential Fortune 500 companies that do not have a major presence in the area. Additionally, Greensboro might create an “easy move” package, e.g., land readiness, tax treatments, and other facilitation.

Appendix C contains an overview of potential future directions.

* * *

As Greensboro explores these development scenarios, it can further its discussions by assessing the potential and fit of these options along four dimensions: differentiability, doability, economic viability, and sustainability. Simply, the initiatives must be distinct enough to differentiate themselves and have returns proportionate to the investment within an acceptable timeframe. Moreover, they need to be sustainable. Finally, they should be based around current strengths to maximize their chances for success.

C. LEADERSHIP NEEDS

To create momentum for change and materially shape the city's long-term economic prospects, Greensboro will need dedicated leadership that can draw in the needed resources and energy from different quarters in the community. In fact, it will need many forms of leadership: some people will be needed to set direction, others to implement and monitor progress on a day-to-day basis, and still others to ensure adequate personnel and funding are made available in a timely way for the initiatives.

It would be unreasonable to expect, and it would not be desirable, to have one person assume all these roles. Instead, Greensboro will need to find a number of individuals who can take on these roles, work effectively as a team, and mobilize other members of the community to participate in other productive ways.

* * *

While Greensboro has enjoyed significant economic success over the past several decades, the local economic base has shifted and growth will most likely slow over the coming years. Greensboro now faces a future in which continuing with business as usual could lead to a gradual erosion in its standard of living and quality of life. The community can maximize its ability to shape its long-term economic prospects by building consensus around a few critical initiatives and focusing its collective efforts in those places. Those discussions will not be easy, but they will be essential. The sooner the community begins this process, the sooner it can expect to begin changing Greensboro's long-term outlook.

APPENDICES

Appendix A: Economic evaluation

- Peer city review
- Employer/employee scorecards

Appendix B: Economic forecast

- Forecast
- Barriers to job creation
- Unleveraged advantages

Appendix C: Discussion agenda

- "No-regrets" moves and initiatives

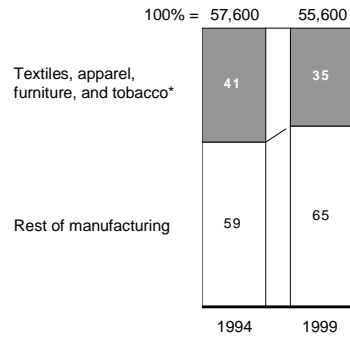
Appendix

APPENDIX A

A – 2

GUILFORD COUNTY MANUFACTURING EMPLOYMENT

Percent

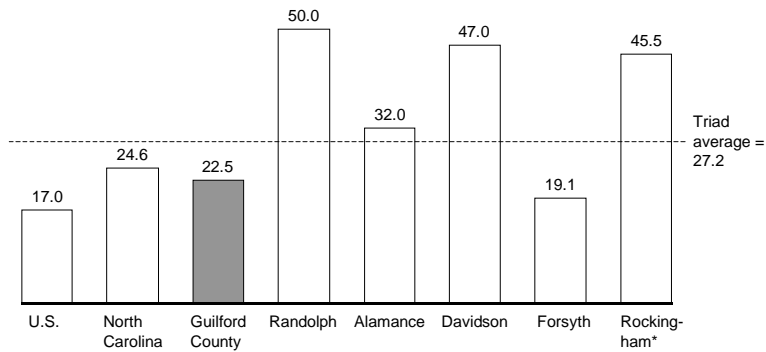


* Tobacco from 1997
Source: Bureau of Labor Statistics

A - 3

MANUFACTURING EMPLOYMENT

Percentage of total private employment, third quarter 1999



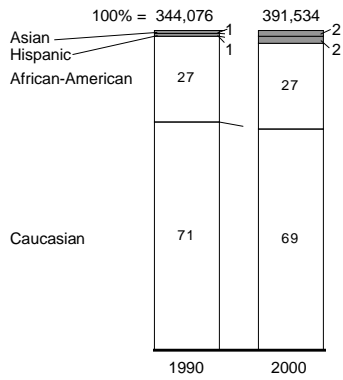
* Rockingham County borders Guilford County, but is not included in Triad MSA
Source: North Carolina Employment Security Commission

A - 4

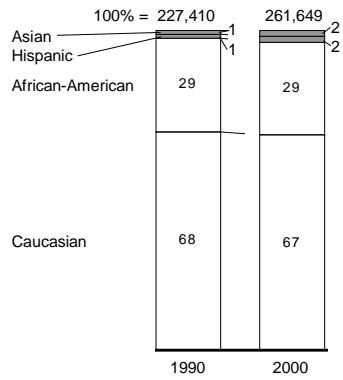
DEMOGRAPHIC CHANGES – 1990-2000

Percent

Guilford County



Greater Greensboro



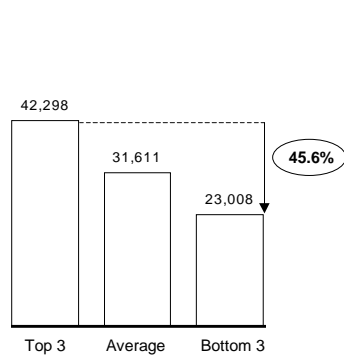
Source: Applied Geographic Solutions; team analysis

A – 5

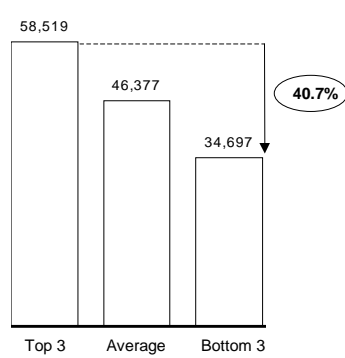
INCOME DISPARITY IN GREATER GREENSBORO

Median household income in nominal dollars

1990



2000



Source: Applied Geographic Solutions; team analysis

A – 6

CITY PEER GROUPING PROCESS

Step	Identify potential city peers in southeast	Narrow list on "unattainable" criteria	Profile cities on key dimensions	Develop city pair comparisons
Activities	<ul style="list-style-type: none"> Select cities based on similar population size and geography 	<ul style="list-style-type: none"> Pare down initial list, eliminating cities <ul style="list-style-type: none"> On a coast With significant military presence With a dominant university 	<ul style="list-style-type: none"> Group cities by size and collect data along 6 dimensions for employer and employees <ul style="list-style-type: none"> Labor Infrastructure Linkages Business climate Jobs Education Quality of life 	<ul style="list-style-type: none"> Analysis of city pairings and indexing along key dimensions for employers and employees
End products	<ul style="list-style-type: none"> List of 53 potential cities 	<ul style="list-style-type: none"> List of 32 potential city peers 	<ul style="list-style-type: none"> Categorized list of cities grouped by population <ul style="list-style-type: none"> 14 small cities 11 peer cities 7 metropolitan centers 	

A – 7

CITY PEER GROUPING

Bold Cities meeting attainable criteria

Alabama	Georgia	Florida	North Carolina
<ul style="list-style-type: none"> Huntsville Birmingham Montgomery Mobile Dothan 	<ul style="list-style-type: none"> Columbus Atlanta Macon Albany Savannah Augusta 	<ul style="list-style-type: none"> Tallahassee Jacksonville Gainesville Ocala Melbourne Tampa St. Petersburg 	<ul style="list-style-type: none"> Asheville Charlotte Hickory Winston-Salem Burlington Chapel Hill Durham Raleigh Fayetteville Wilmington Rocky Mount Cary
Tennessee	Virginia	South Carolina	
<ul style="list-style-type: none"> Memphis Jackson Columbia Murfreesboro Nashville Chattanooga Knoxville Oak Ridge Johnson City 	<ul style="list-style-type: none"> Danville Lynchburg Roanoke Petersburg Richmond Charlottesville Norfolk Hampton Roads Virginia Beach Newport News Harrisonburg 	<ul style="list-style-type: none"> Charleston Florence Columbia Greenville Spartanburg Anderson 	

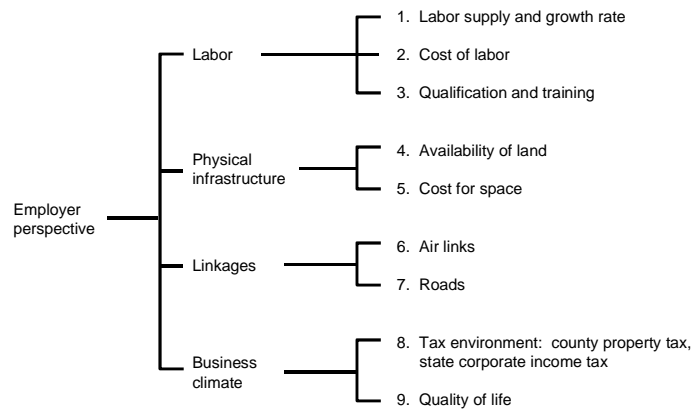
A – 8

EVALUATION POOL

Small cities (county size <200,000 people)	Peer cities (county size 200,000-450,000 people)	Metropolitan city centers (county size >450,000 people)
<ul style="list-style-type: none"> • Hickory, NC • Burlington, NC • Rocky Mount, NC • Albany, GA • Macon, GA • Johnson City, TN • Jackson, TN • Columbia, TN • Anderson, SC • Florence, SC 	<ul style="list-style-type: none"> • Winston-Salem, NC • Durham, NC • Ocala, FL • Chattanooga, TN • Columbia, SC • Spartanburg, SC • Greenville, SC • Montgomery, AL • Huntsville, AL • Mobile, AL • Knoxville, TN 	<ul style="list-style-type: none"> • Raleigh, NC • Charlotte, NC • Atlanta, GA • Melbourne, FL • Memphis, TN • Birmingham, AL

A – 9

COMPARATIVE INDICATOR TREE: EMPLOYER



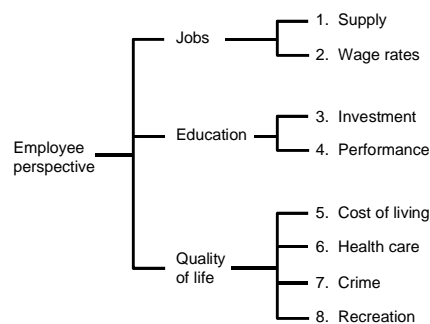
A – 10

EMPLOYER SCORECARD DEFINITIONS BY COUNTY

Labor	Labor supply	Unemployment rate, April 2000
	Labor force growth	Labor force growth from 1990-99
	1/average services wage	$\frac{\text{Total service payroll from SIC, 1999}}{\text{Average employment services, 1999}}$
	1/average manufacturing wage	$\frac{\text{Total manufacturing payroll from SIC, 1999}}{\text{Average employment manufacturing, 1999}}$
	Advanced degree holders per capita	$\frac{\text{Number of masters degree holders and Ph.D.s}}{\text{Population citizens >25 years old}}$
	Bachelor's degree holders per capita	$\frac{\text{Number of bachelors degrees}}{\text{Population citizens >25 years old}}$
	High school graduation rate	$\frac{1}{\text{High school dropout rate, 1998}}$
Overall linkages	Domestic air destinations served	Number of destinations served by flights originating at captive airport, July 1, 2000
	Transportation index*	<i>Places Rated Almanac 1999</i> rating on roads, rail, mass transit, air destinations, congestion, and geographic proximity
Physical infra-structure	Class "A" rental space	2 private sector surveys of southeast rental space, 2Q 2000
	1/cost of rental space per square foot	
Business climate	1/corporate tax burden	Midpoint of county, commercial, property taxes, and state corporate income taxes
	1/total crime	FBI national crime index 1999

A – 11

COMPARATIVE INDICATOR TREE: EMPLOYEE



A – 12

EMPLOYEE SCORECARD DEFINITIONS BY COUNTY

Jobs	1/average unemployment	$\frac{1}{\text{Average unemployment, April 2000}}$
	Median household income growth	Median household income growth from 1998 to 1999
	Median household income	Median household income, 1999
Education	Average standardized test score by school system	$\frac{\text{SAT or ACT average, 1998}}{\text{National SAT or ACT average, 1998}}$
	High school graduation rate	$\frac{1}{\text{High school dropout rate, 1998}}$
	Teacher-to-student ratio	Department of Education teacher-to-student ratio, 1999
	Expenditure pre pupil	Department of Education estimate spending per pupil, 1999
Quality of life	1/personal crime	$\frac{1}{\text{FBI personal crime index, 1999}}$
	Housing affordability	Median home price, 1999
	1/ACCRA cost of living index	$\frac{1}{\text{ACCRA COL index, 2Q 2000}}$
	Health care index	<i>Places Rated Almanac 1999</i> , healthcare quality, access, and outcomes
	Recreation index	<i>Places Rated Almanac 1999</i> 13 measures of recreation
	1/personal tax burden	Tax foundation analysis of personal tax burden by state and midpoint of county personal property taxes

A – 13

ENTREPRENEURIAL PERSPECTIVE

● High
○ Low

	Necessary conditions	Greensboro	Assessment
Capital	<ul style="list-style-type: none"> Cash to finance future growth Active role in financing current and future rounds Risk comprehension of investment in start-ups 		<ul style="list-style-type: none"> Risk tolerance of banks and investors "is lower than in other geographic areas" Considerable amount of venture capital available and active, however, little of it is local Local venture capital is often exported to other, more active regions in the country
Connections	<ul style="list-style-type: none"> Network of management talent, strategic partners, customers, and information 		<ul style="list-style-type: none"> Lack of lawyers, accountants, and bankers that understand venture capital funding process Difficult to gain access to network of funding sources Few social outlets for aspiring entrepreneurs
Coaching	<ul style="list-style-type: none"> Experience with start-ups in relevant sector Access to supporting experts Relevant industry experience 		<ul style="list-style-type: none"> Few high-tech companies to supply senior talent Network of seasoned executives and funders not formally established or well known
Credibility	<ul style="list-style-type: none"> Stamp of approval for access to customers, partners, and people 		<ul style="list-style-type: none"> Few nationally known venture capital investment funds for high-growth companies Successful local efforts are relatively unknown

Source: McKinsey research; interviews; team analysis

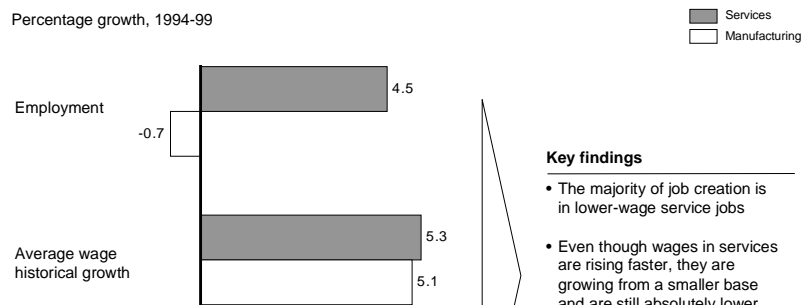
A – 14

APPENDIX B

Appendix

PER CAPITA IMPLICATIONS

Percentage growth, 1994-99



Wages as a percentage of overall average

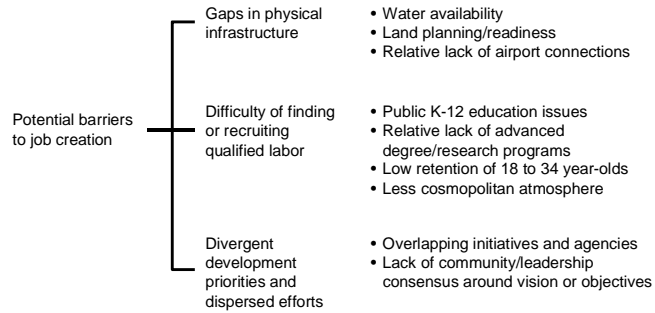
	1994 (\$25,021)	1999 (\$31,588)
Services	84	86
Manufacturing	128	130

Key findings

- The majority of job creation is in lower-wage service jobs
- Even though wages in services are rising faster, they are growing from a smaller base and are still absolutely lower than wage rates in the manufacturing jobs Greensboro is shedding
- Therefore, there is a risk of per-capita income stagnation

B - 2

HIGH-LEVEL ASSESSMENT OF BARRIERS TO JOB CREATION



B – 3



PHYSICAL INFRASTRUCTURE

Issue

Water availability	<ul style="list-style-type: none"> • Daily demand of ~46 MGD outstrips Greensboro supply of ~36 MGD, with remainder brought in from Reidsville • Randleman Dam project may resolve this issue • "It creates a bad impression when you have water warnings in the newspaper. If the dam isn't built, then we might have a problem again"
Land planning	<ul style="list-style-type: none"> • Incorporation of surrounding cities could impact the amount of available land • Not all available land is serviced by water and sewer • Survey/project under way on land use planning • "Roads are built around here with little thought to future development"
Airport connections	<ul style="list-style-type: none"> • Perceived relative paucity/high price of direct airport connections • "We can't get many places as often as we need to" • "We feel the airport is more expensive than other options in the state"

Source: Interviews

B – 4



QUALIFIED LABOR SOURCING AND RECRUITMENT

Issue

K-12 public education issues	<ul style="list-style-type: none">• Despite slightly higher per-capita expenditures, uneven performance has led to overcrowding at some schools and subpar performance as measured by test scores and graduation rates• The most frequently mentioned constraint on recruiting talent was the education system• Visible leadership struggle has reinforced perceptions<ul style="list-style-type: none">– "The pathetic state of K-12 infrastructure is our biggest obstacle when recruiting key, mid-level talent"– "The decline in the county school system has led to a hollowing out of the school, as people who can afford it send their kids to private school"
Relative lack of advanced degree/research programs	<ul style="list-style-type: none">• High-tech industries often colocate with cutting-edge research capability, which is not extensively developed in Greensboro. Greensboro has relatively fewer advanced degrees than many of its peers• "Technical employees want an academic support network for continued training and advancement that isn't present in this city"• "The universities graduate relatively few science Ph.D.s and engineers, which increase the time and cost of our recruiting efforts"
Retention of 18 to 34 year-olds	<ul style="list-style-type: none">• Loss of this critical supply of new workers and of cultural vibrancy creates difficulty in recruitment but also adds to perception of Greensboro as a "slow" town• "When we hire a young, single professional, we know that we are going to lose them, because there is nothing for them to do around here"
Less cosmopolitan atmosphere	<ul style="list-style-type: none">• "After 5:00 p.m., the downtown dies. What Greensboro needs is a Franklin Street or a College Street to get a concentrated number of young people together"• "The lack of cultural events and limited opportunities for fine dining has been a barrier in recruiting top-level managerial talent"• "Sometimes to find good shopping, our employees travel to D.C., Atlanta, or New York City"

Source: Interviews

B – 5

GOVERNMENT ATTITUDES IN GUILFORD COUNTY

- "Government officials are more interested in attracting new big businesses to town than they are in helping the businesses they already have to grow"
- "Some cities are easy to do business in, others are hard. This city is a hard city"
- "Regulators don't want to work with businesses trying to expand. We have to shepherd everything through city departments"
- "Greenville, SC has 11 people assisting in economic development. We've got one guy"
- Our legislature delegation doesn't respond to business problems promptly. If Greensboro businesses have a problem with the North Carolina Department of Transportation, for example, they have to fight it themselves"

Source: Interviews

B – 6



GREENSBORO'S INFRASTRUCTURE ADVANTAGES

Roads

- 2 interstates (I-40 and I-85)
- 2 more coming soon (I-73 and I-74), providing point-to-point access to Detroit and Charleston
- New ring road (Painter Blvd.)
 - Fully funded, 35% under construction

Rail

- On rail trunk lines, leaving Raleigh to Charlotte with connections to New York

Airports*

- 51+ domestic destinations served daily
- Added new flights monthly
- 3 international destinations served daily**
- 2.7 million passengers last year, comparable to Birmingham, AL, and Knoxville, TN
- 81,000 metric tons of cargo

Greensboro is well suited for distribution and provides ample transportation linkages

* Airport compares favorably to peer cities' air infrastructure

** Flights originate in Greensboro through Atlanta to Mexico

Source: OAG; ACI North America; interviews

B – 7



EDUCATIONAL ASSETS

Post-secondary/professional resources

- Center for Creative Leadership is one of the premier leadership training programs in the world and brings over 2,000 mid- and senior-level managers to Greensboro each year
- Greensboro has one of the largest populations of African-American Ph.D.s in the country
- Numerous other leadership training businesses have co-located or affiliated with the center

Colleges and universities

- The colleges and universities collectively bring a population of well over 20,000 17 to 24 year-olds to the city
- A&T is the largest minority engineering school in the country
- A&T graduates a significant number of minority business students from the College of Economics and Business
- UNCG's Bryan School of Business attracts potential employers from throughout the region with its students who have specialized in its IT curriculum
- UNCG is one of the largest teacher's college in the state of North Carolina
- Greensboro graduates more young people with baccalaureate degrees than many of its peer cities
- UNCG has prominent faculty in biological sciences

Source: Interviews; National Science Foundation; team analysis

B – 8



QUALITY OF LIFE

People

- Friendly culture is "nice change of pace from other parts of the country"
- Employers locate customer care facilities in and around Greensboro because employees have better manners and better work ethic
- Greensboro has a history of "greater racial and religious tolerance than other cities in the Southeast"
- "Once people, especially married people, move here, they stay"

Low-hassle lifestyle

- "Small-city feel with most large-city amenities available around the corner"
- Greensboro has relatively lower crime rates than its peers in the Southeast
- "20-minute city" makes daily errands and chores easier for residents, since most services are readily accessible
- "You don't have to worry about your kids playing out in the yard." Most places in the city "don't feel very threatening"
- The health care system is "high quality and easy to access"

Recreation

- "Greensboro is a great place for outdoor recreation . . ."
- . . . has several outstanding golf courses, beautiful parks, and a location close to the mountains and the coast"
- The city shares North Carolina's mild, 4-season climate
- "The Piedmont is one of the more beautiful places to grow up . . . if you like the outdoors, there is little Greensboro can't offer"
- "Greensboro is a great place to raise a family"

Source: Interviews

B – 9

APPENDIX C

Appendix



POSSIBLE "NO-REGRETS" MOVES

FOR DISCUSSION

Potential initiative	Rationale
Improve brand/image of Greensboro	Focus on negatives of Greensboro prevents coalescing around positive attributes and creating energy around a vision
Leveraging the unique educational resources of the city	Resources of colleges and universities could help K-12, race relations, and uptown/downtown excitement factor
Improve business friendliness of city government	Unresponsive or onerous city requirements discourage job creation
Retain and grow the corporate base	Significant headquarters bring decision-making ability, top talent, and more resources to the city and should be encouraged to stay
Improve K-12 education	Performance and infrastructure of public schools discourages job creation and impedes recruitment of talent
Foster improved race relations	Racial divisions impede communication and consensus on development initiatives



- Do we agree that these are critical issues?
- What are the potential steps or approaches to improving these areas?

C – 2

OVERVIEW OF POTENTIAL FUTURE GOALS

1. Business creation
 - Improve city response to new business creation
 - Formalize entrepreneur and capital networking
 - Make a particular effort to foster minority-owned business creation
2. Cluster-focused growth
 - A. Guide transformation of traditional sector
 - Develop a strategy to retain and revitalize incumbent clusters
 - Textiles
 - Tobacco
 - Furniture
 - B. Foster incipient/create new clusters around transportation
 - Develop a strategy to identify and foster potential clusters across existing infrastructure
3. Regional center
 - Develop a strategy to become the preferred southeastern city for regional corporate centers, operations, and distribution activities for regional and national corporations

C – 3